

Sample Question Paper 11

(Detailed Solutions)

Business Studies CBSE Class 12th

1. (c) Help to identify opportunities and getting first mover advantage ①
2. (b) Personal selling ①
3. (a) bear ①
4. (c) promotion ①
5. (c) Jaipur ①
6. (b) Coordination is a continuous process ①
7. (a) Capital-budgeting decision ①
8. (c) Helps in promotion of products ①
9. (b) Motivation ①
10. (b) Motivation ①
11. (c) order processing ①
Or (b) public relation ①
12. (c) (ii) (i) ①
Or (d) Contingent ①
13. (d) Initiative ①
14. (d) Order ①
15. (c) Unity of command ①
16. (c) Scalar chain ①
17. (a) Setting objectives ①
18. (d) Planning may not work in dynamic environment ①
19. (d) Developing premises ①
20. (b) Planning reduces creativity ①
21. The decision highlighted is 'Financing decision'. Factors affecting financing decision are ①
 - (i) **Cost** Cost of raising funds from different sources is different management opts the cheapest source of funds.
 - (ii) **Risk** The risk associated with each of the source is different. The source which involves least risk should be preferred. ①

① × 2 = 2

22. (i) The incentive offered is co-partnership/stock option. In this financial incentive, employees are offered shares of a company at a price lower than the market price. (1½)
- (ii) Another example of financial incentive is perquisites. Perquisites are other benefits such as rent free accommodation, education of children, car etc given to employees by the employer. (1½)
23. Yes, training is beneficial for employees. The following importance of training establishes this fact
- (i) It helps in improvement of skills and knowledge which leads to better care of the individual.
- (ii) It increases the satisfaction and morale of employees.
- (iii) It makes the employees more efficient to handle machines, thus, less prone to accidents. (1 × 3 = 3)
- Or Yes, the manager of AED Ltd is correct in his view that recruitment is a positive process. (1)
- The objective of recruitment is to create a pool of prospective candidates from which the best candidate can be selected. It is regarded as positive process as it invites a large number of candidates towards the organisation. (2)
24. Management is multi-dimensional as it comprises of three dimensions which are as follows
- (i) **Management of Work** It is concerned with performance of various activities in an organisation. e.g. manufacturing of product in factory, teaching in school etc.
- (ii) **Management of People** It is concerned with management of human resources which are most important asset for an organisation.
- (iii) **Management of Operations** It is concerned with production cycle, which entails the flow of input material and transforms the input into desired output. (1 × 3 = 3)
- Or The objective depicted in above case is social objective. (1)
- It is defined as the objective which deals with the commitment of an organisation towards the society. It includes creating employment, opportunities for disadvantaged sections of society, providing good quality products at reasonable prices, timely payment of taxes, using eco-friendly methods of production and conducting business in fair and careful manner. (2)
25. (i) Controlling is a pervasive function because it is performed by all the managers, i.e. top, middle and lower level managers keep a check on the activities of their subordinates all the time. It is required equally in a hospital and a club, an education institution, profit or non-for-profit organisation, small or big institution, public or private organisation. Therefore, it is regarded as a pervasive function.
- (ii) Controlling is a goal oriented function as it makes sure and checks that plans are followed and plan is aimed at achieving organisational goals. It ensures that work is done as per the plan. (2 × 2 = 4)
26. Forms of organisational structure are
- (i) **Functional Structure** The organisation structure in which departments are created on the basis of different functions performed in the organisation is called a functional structure. It is suitable for organisations which are large in size and has diversified activities.
- Organisations requiring high degree of specialisation in the operations also opt functional structure. e.g. a manufacturing concern is divided into departments such as production, sales, purchase and finance.
- (ii) **Divisional Structure** An organisation structure in which departments are created on the basis of products, territory or region, is called a divisional structure. Each division is further divided into functional units like production, sales, finance, etc.
- It is suitable for organisation which deals in large variety of products using different resources or organisation is planning to diversify into different products or different territories. (2 × 2 = 4)
- Or The concept used here is decentralisation of authority, as manager delegates the authority throughout the levels of an organisation. (1)
- Importance of decentralisation is as follows
- (i) It helps to promote self-reliance and confidence amongst the subordinates.
- (ii) It helps to reduce the amount of direct supervision over subordinates by giving them freedom to take decision and act on their own.
- (iii) It provides greater autonomy to lower level managers and departmental heads. (1 × 3 = 3)

27. (i) (a) **Capital Market** The lines “Unilive Ltd. is planning to propose the issue of 20,000 12% Debentures of ₹ 100 each.”

(b) **Money Market** The lines “Certificate of Deposit of ₹ 75,00,000.”

(1 × 2 = 2)

(ii)

Basis	Capital Market	Money Market
Meaning	It refers to the whole network of organisations, institutions and instruments that deal in medium and long-term funds.	Money market is a market for short-term funds which deals in monetary assets whose period of maturity is upto one year.
Liquidity	Only actively traded securities have ready market.	In this market, there is a formal arrangement of creating liquidity.

(1 × 2 = 2)

28. (i) Yes, the step taken by them is appreciable.

(1)

(ii) Other possible reliefs could be (any three)

(a) To pay punitive damages in appropriate circumstances.

(b) To discontinue the airline service.

(c) To remove the deficiency in services.

(d) To pay an amount to be credited to consumer welfare fund or any other organisation be utilised in the prescribed manner.

(1 × 3 = 3)

Or Mangal Medical Store cannot file a complaint against the manufacturer in the Consumer Court because Mangal Medical Store is not a consumer in this case and it has obtained medicine for resale purpose/commercial purpose.

(1)

Under the Consumer Protection Act, 1986, the term ‘consumer’ has been defined as any person who buys goods or hires or avail any service for a consideration which has been paid or promised or partly paid and partly promised or under any system of deferred payment.

It also includes any user of such goods with the approval of the buyer or any beneficiary of services when such goods or services are availed of with the approval of the person concerned but does not include a person who avails such services for any commercial purpose.

(3)

29. Yes, controlling is an indispensable function of management.

(1)

Importance of management is as follows (any three)

(i) **Accomplishing Organisational Goals** It measures progress towards the organisational goals and find out deviations. Therefore, it guides the organisation and keep it on the right track.

(ii) **Judging Accuracy of Standards** Controlling also keeps a check on changes taking place in the organisation and in the environment, and facilitates the review of standards in the light of such changes.

(iii) **Making Efficient Use of Resources** Through controlling, manager seeks to reduce wastage of resources as each activity is performed in accordance with predetermined standards which help in efficient utilisation of resources.

(iv) **Improving Employees Motivation** It helps employees in realising what are the standards of performance on the basis of which they will be appraised. This motivates them to perform better.

(1 × 3 = 3)

30. (i) **Web Publishing** It is an important source of recruitment these days. Certain websites like www.naukri.com, www.jobstreet.com, www.monster.com, etc have been specially designed for providing information to both job-seekers and job providers. These websites can be visited by job-seekers as well as companies. Some of these companies take charges while some are free.

(ii) **Campus Recruitment** Recruitment through educational institutions is known as campus recruitment. Business organisations maintain links with educational institutions for recruiting technical, professional and managerial personnel for various jobs.

Now-a-days, most of the institutions have their own placement cell to facilitate this process. This type of recruitment is seen in case of MBAs, engineer etc. and is preferred by companies as fresh graduates can be moulded according to the requirement of company.

(2 × 2 = 4)

31. The information which are not mentioned in the label are
- | | | |
|--------------------------|-------------------------|-------------|
| (i) Maximum retail price | (ii) Manufacturing date | |
| (iii) Expiry date | (iv) Weight | (1 × 4 = 4) |

The right violated here is 'Right to be Informed'. According to this right, a consumer has the right to get true and complete information about the quality, quantity, price, contents, expiry date of the goods and services which he intends to buy. (2)

32. The function mentioned here is 'planning'. It is deciding in advance what is to be done. When a manager plans, he projects a course of action for the future, attempting to achieve a consistent and coordinated structure of operations aimed at the desired results. (2)

Limitations of planning are as follows

- (i) **Planning Leads to Rigidity** Once the plans are made it is difficult to change them.
- (ii) **Planning does not Work in Dynamic Environment** Business environment is constantly changing. Planning cannot foresee everything and thus, there may be obstacles to effective planning.
- (iii) **Planning Reduces Creativity** Planning is done by top management. Middle level management merely follow the plans and are not permitted to act on their own. Thus, initiative and creativity gets lost in the process.
- (iv) **Planning involves Huge Costs** A lot of expenditure in the form of research, meetings, etc is incurred. (1 × 4 = 4)

- Or An organisation structure in which departments are created on the basis of different functions performed in the organisation is called a functional structure. All departments in such organisations, report to a coordinating head. e.g. A manufacturing concern is divided into four departments as production, sales, purchase and finance. (2)

Functional structure has the following advantages

- (i) It leads to occupational specialisation, since emphasis is placed on specific functions and repeated performance leading to efficient functioning.
- (ii) It promotes control and coordination within a department because of similarity in the tasks performed. (1 × 2 = 2)

Functional structure suffers from the following disadvantages

- (i) Work is assigned as per the specialisation. Due to this, specialists working in different departments may not be able to see the perspective of the organisation as a whole.
- (ii) It becomes difficult to hold a particular department responsible for any problem. (1 × 2 = 2)

33. (i) The decision taken by him is 'Long-term investment' or 'Capital-budgeting decision'. These decisions are defined as the decisions which relates to careful selection of assets in which the funds will be invested by firms. When decisions regarding fixed assets are taken, they fall under the category of investment or capital budgeting decision. (2)

- (ii) Factors affecting capital budgeting decision are
 - (a) **Cash Flow of the Project** When a business invests huge amount of money in a certain project, it expects regular and reasonable cash inflows from such an investment.
 - (b) **Rate of Return** Each project is selected after comparing expected returns of different projects and the degree of risk involved in them.
 - (c) **Investment Criteria Involved** Decision to invest in a particular project involves a number of calculations regarding the amount of investment, interest rate, cash flows and rate of return.
 - (d) **Risk Involved** Since, there is an element of risk associated with every investment proposal, the company try to calculate the risk involved in every proposal and prefer the one with moderate degree of risk. (1 × 4 = 4)

34. Scientific management requires deep analysis of all the activities performed in an organisation with the aim of producing the maximum possible output with the minimum possible efforts.

Work study techniques involves method study, motion study, time study and fatigue study, which are as follows

- (i) **Method Study** This technique of scientific management is conducted to find out the 'one best method or way' of performing a particular task. The objective of this study is to minimise the cost of production and maximise the quality and satisfaction of the customer.

(ii) **Motion Study** It refers to an in-depth study of movements of a worker while doing a task. Taylor recognised three types of movements

- (a) Productive
- (b) Unproductive
- (c) Incidental

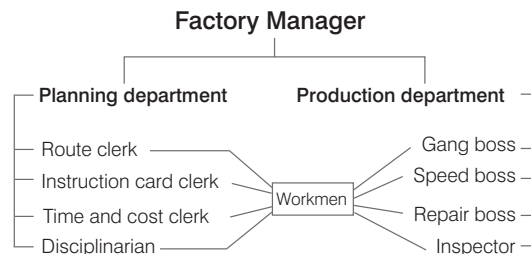
The objective of motion study is to eliminate unproductive movements in doing a task to achieve efficiency and reduce the time required to do the task. For this, Taylor used stopwatches and various colours and symbols to identify productive and unproductive movements of the employees.

(iii) **Time Study** It determines the standard time taken to perform a well-defined job. Time measuring devices were used to conduct this study. This type of study is helpful in deciding the time required to perform a job. It also helps in determining a fair day's work for the workman and determining incentive schemes and labour costs.

(iv) **Fatigue Study** It seeks to find out the amount and frequency of rest intervals to be given to workers in completing a task. This would help the worker to regain his stamina and work with the same efficiency again. It also aims to reduce various causes of fatigue such as long working hours, doing unsuitable work, bad working conditions, etc. ① $1\frac{1}{2} \times 4 = 6$

Or

Taylor suggested functional foremanship for better supervision of workers. Under functional foremanship, there are specialist foremen for each job. He classified specialist foremen into two departments, namely planning and production departments. Both the departments have four foremen in all. ①



①

These are as follows

(i) **Planning Department**

- (a) **Route Clerk** Determining the process of production and the route through which the raw materials will pass.
- (b) **Instruction Card Clerk** Laying down instructions according to which the workers are required to perform work.
- (c) **Time and Cost Clerk** Setting the time table for doing a job as per the pre-determined route and time schedule. He specifies the material and labour cost with respect to each operation.
- (d) **Disciplinarian** Maintaining proper discipline in the factory. ②

(ii) **Production Department**

- (a) **Gang Boss** Arranging machines, materials, tools, workers, etc for the job.
- (b) **Speed Boss** Maintaining the planned speed of production, investigating the causes for delay and remove them.
- (c) **Repair Boss** Maintenance of the machines and equipments, proper arrangements for their oiling, greasing, cleaning and repair, preventing misuse of machines, etc.
- (d) **Inspectors** Seeing that the work confirms to the standard of quality laid down by the planning department. ②